

## Message Text

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PAGE 01 MEXICO 19814 221731Z  
ACTION COM-04

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FM AMEMBASSY MEXICO  
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INFO AMEMBASSY BRASILIA  
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AMEMBASSY BONN  
AMEMBASSY MOSCOW  
AMEMBASSY OTTAWA  
AMEMBASSY PARIS  
AMEMBASSY STOCKHOLM  
AMEMBASSY TOKYO  
AMEMBASSY VIENNA

UNCLAS MEXICO 19814

USIAEA, USEEC

EO 12065 N/A

TAGS: BENC, TECH, MX

SUBJECT: MAJOR PROJECTS: U.S. NUCLEAR EXPORTS

REF: STATE A-3247

1. EMBASSY HAS BEEN REPORTING ON NUCLEAR DEVELOPMENTS  
IN MEXICO AND WILL CONTINUE TO DO SO. REPAIR AND RECENT  
EVENTS HAVE PROMPTED THIS UPDATE, HOWEVER.

2. KEY DECISION MAKERS. THERE IS NO DOUBT BUT THAT  
MAJOR DECISIONS IN THIS AND MOST OTHER FIELDS ARE MADE  
BY THE PRESIDENT, JOSE LOPEZ PORTILLO. KEY FIGURES IN  
RECOMMENDING ACTION TO THE PRESIDENT ON NUCLEAR POWER  
WILL BE PATRIMONY AND INDUSTRIAL DEVELOPMENT SECRETARY,  
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PAGE 02 MEXICO 19814 221731Z

JOSE ANDRES DE OTEYZA, UNDERSECRETARY FOR MINES AND  
ENERGY FERNANDO HIRIART BALDERRAMA, ENERGY DIRGEN JUAN  
EIBENSCHUTZ H., CFE DIRECTOR GENERAL HUGO CERVANTES  
DEL RIO, CFE DEPUTY DIRGEN MANUEL MORENO TORRES, AND  
ININ DIRGEN DALMAU COSTA ALONSO.

3. FOR URANIUM EXPLORATION AND OTHER FUEL CYCLE MATTERS,

THE KEY DECISION MAKER IS URAMEX DIRGEN FRANCISCO VIZCAINO MURRAY. FOR RESEARCH REACTORS, IT IS DALMAU COSTA OF ININ.

4. CFE HAS SET UP A NUCLEAR POWER DEPARTMENT WHICH IS HEADED BY DR. CARLOS VELEZ OCON. AS PREVIOUSLY REPORTED, CFE IS ARRANGING FOR THREE FEASIBILITY STUDIES TO SHOW WHAT CAN AND MUST BE DONE SHOULD MEXICO OPT FOR (A) PRESSURIZED WATER REACTORS (PWRS), (B) BOILING WATER REACTORS (BWRS) OR (C) HEAVY WATER REACTORS (HWRS). SOFRATOME (FRANCE) IS ACTIVELY WORKING ON STUDY (A). (WE UNDERSTAND THAT MEXICO IS CONTRY OF GREATEST INTEREST TO FRANCE IN LATAM). THE CONTRACT FOR THE BWR STUDY WAS SIGNED HERE RECENTLY BY CFE WITH ASEA - ATOM (SWEDEN). THE CONTRACT WITH CANADA FOR THE HWR STUDY HAS NOT YET BEEN SIGNED, BUT MAY BE VERY SHORTLY. THE STUDIES VARY SOMEWHAT IN SCOPE.

5. CFE HOPES TO HAVE ALL STUDIES COMPLETE BY MARCH 31, 1980, BUT RECOGNIZES THAT THERE MAY BE SOME SLIPPAGE, PARTICULARLY IN THE CANADIAN STUDY. THERE IS A TIME PRESSURE: IF DECISIONS ON A PROGRAM TO BUILD PLANTS BEYOND THE TWO LAGUNA VERDE UNITS ARE TO BE MADE IN THIS PRESIDENTIAL "SEXENIO", A RECOMMENDATION SHOULD BE MADE TO THE "HIGHEST LEVELS" OF THE GOM BY MID-1980.

6. ONCE THE STUDIES ARE IN, THERE WILL BE NEGOTIATIONS  
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PAGE 03 MEXICO 19814 221731Z

WITH POTENTIAL SUPPLIERS (INCLUDING U.S. FIRMS) TO SEE WHAT KIND OF DEAL CAN BE STRUCK, NOT ONLY FOR THE NUCLEAR POWER PLANTS, BUT ALSO FOR THE BUILD-UP OF NECESSARY MEXICAN INDUSTRY (E.G., FUEL FABRICATION - ON WHICH THERE ARE ONGOING DISCUSSIONS WITH THE SWEDES, PUMP MANUFACTURING, ETC. )THE INTENT IS TO "ASSOCIATE" WITH ONE SUPPLIER, WHICH CAN HELP CREATE THE NECESSARY FABRICATION INFRASTRUCTURE HERE. (COMMENT: THE APPROACH WOULD BE NOT UNLIKE THAT PURSUED BY BRAZIL, BUT PROBABLY WITHOUT THE SAME INITIAL INTEREST IN ENRICHMENT AND REPROCESSING). AS A TARGET FOR THE STUDIES, MEXICO IS USING AN INSTALLED NUCLEAR POWER CAPACITY OF 23,000 MW(E) BY THE YEAR 2000 (SOME 25 PERCENT OF TOTAL CFE GENERATING CAPACITY). CFE RECOGNIZES THAT THIS IMPLIES A LARGE CONSTRUCTION EFFORT BEGINNING BEFORE TOO LONG AND CONTINUING THROUGH THE 1990'S. THE FIRST UNIT WOULD BE OPERATIONAL IN 1990. PRESENT INTENT IS TO BUILD FABRICATION CAPACITY FOR THE MEXICAN MARKET ONLY, NOT FOR EXPORT.

7. AS WE HAVE PREVIOUSLY REPORTED, THE FRG IS MOST INTERESTED IN BEING THE SUPPLIER TO THE MEXICAN MARKET. THE USSR AND JAPAN, ONE CAN BE SURE, ARE ALSO WATCHING

DEVELOPMENTS CLOSELY.

8. ON URANIUM EXPORATION, THE FRENCH SEEM TO BE SHOWING THE MOST INTEREST. URAMEX IS ENCOURAGING FOREIGN FIRMS WITH AN INTEREST IN THIS FIELD OR IN SUPPLYING EQUIPMENT TO IT TO ASSOCIATE THEMSELVES WITH MEXICAN FIRMS.

9. WE ARE UNAWARE OF ANY CURRENT INTEREST IN ADDITIONAL RESEARCH REACTORS, BEYOND THAT OF SECURING FUEL FOR OPERATION OF THE GENERAL ATOMIC-PRODUCED TRIGA AT THE SALAZAR CENTER. DRAFTER BY RHWILCOX. FERCH

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